



## Administrative Regulation

### Compensation

<b>Policy #</b>	03-04.03
<b>Effective Date:</b>	November 12, 2019
<b>Revision Date:</b>	December 6, 2021
<b>Owner:</b>	Human Resources

#### **Purpose:**

Provide for a compensation plan for all City employees and maintain uniformity and equity in compensation.

#### **Scope:**

This regulation applies to all employees.

#### **Policy:**

The City of Springfield needs highly talented staff to be able to excel at our mission and achieve our strategic goals. Our compensation system is designed to be in compliance with the Oregon Pay Equity Act and to attract, retain and reward individuals that can build a successful service-based organization.

The City of Springfield strives to maintain a compensation plan which will: (1) Ensure sound stewardship of available resources. (2) Provide for payment of salaries comparable to and competitive with those paid for similar positions and services in comparable public agencies, and agencies in the surrounding area; (3) Maintain internal relationships between classes based upon internal salary scales to provide the necessary structure for the supervisor/employee relationship; (4) Provide for equal pay for equal work without regard to local, state and federally protected classes; and (5) Maintain a wage and benefit package that is considered externally competitive (+ or – 5% of the average of the total compensation offered in comparable labor markets for similar work).

The City recognizes the legitimate role of collective bargaining in determining compensation for represented employee.

The Council shall approve the salary range changes for all job classifications used by the City.

#### **Procedure:**

##### **1. Compensation Philosophy Guiding Principles**

- 1.1. *Pay Equity:* The City of Springfield supports Oregon's Pay Equity Law and federal and Oregon laws prohibiting discrimination between employees on the basis of a protected class (as defined by Oregon law) in the payment of wages or other compensation for work of comparable character.

- 1.2. *Job Design.* We believe that both the City and its employees benefit when broad job classifications are established. Broader classifications enhance skill development and allow for greater mobility and flexibility within the organization. Our goal is to establish broad job classes and job families whenever sufficient overlap in responsibilities and required skills exists.
- 1.3. *Internal Comparisons.* We believe that positions within our organization with comparable responsibilities and decision-making authority should be paid similarly. We also believe that higher pay should be associated with greater responsibility and decision-making authority. Since we have many types of positions that cover a wide range of activities, we will use the Decision Band Method® of job evaluation as a tool to determine which positions are comparable and to establish an internal hierarchy of positions. The results of these internal comparisons form the basis of our compensation structure.
- 1.4. *External Market Competitiveness.* It is important that our compensation plan is well positioned against the external market. We need to be able to compete with other organizations to attract individuals with established track records. We also need to be able to retain high performance employees and remove pay as a leading reason to leave our organization. For the purpose of evaluating external competitiveness, we will rely primarily on cities in our state and the neighboring states that are of a similar size, character of organization, services provided, per capita income and other similar community characteristics. The local labor market will be used primarily to determine the market competitiveness of labor/trades/clerical and other non-exempt jobs. A local and regional market will be used primarily for professional and technical jobs. A local, regional and broader market will be used primarily for managerial jobs. Adjustments for the cost of labor will be made to normalize the market data to the city's economy.

## 2. Request for Compensation Review Procedure

- 2.1.1. Employees who believe they are receiving wages or other compensation at a rate less than that at which the City pays wages or other compensation to other employees for work of comparable character are encouraged to discuss the issue with their immediate supervisor and/or Human Resources.
- 2.1.2. All requests for reviews will be submitted to Human Resources. The employee will receive a formal response in writing within ten days.
- 2.1.3. If the employee decides that the reply from Human Resources is unsatisfactory, the employee can request a review by the Position and Pay Review Committee by submitting a request to Human Resources. Upon receipt of this request the matter will be reviewed at the next scheduled meeting (generally on Tuesday). The employee will receive a formal response in writing within ten days of the committee meeting. The decision from this review is final.

### 3. Pay Ranges.

- 3.1. Positions will be placed into a system of pay ranges. The size and shape of the ranges will be determined by the market data collected. The target will be to place the midpoint of our ranges at the 50th percentile of the market for similar work performed in the benchmark communities.
- 3.2. The compensation plans will include steps and identify a minimum and maximum rate of pay for each grade. Compensation plans are approved by the Council after receiving recommendations from Human Resources.
- 3.3. Human Resources is responsible for maintaining the compensation plan. This includes adding new positions, reassigning current positions, and facilitating progression through the ranges. Human Resources will conduct comprehensive market studies for most of the general service positions every 3 to 4 years, depending on economic conditions.
- 3.4. The City's leadership is responsible for ensuring that the compensation strategy and plan continue to advance the City's operational needs and strategic goals. Leadership will also play a vital role in maintaining the integrity of the plan by adhering to its objectives in their actions and by setting a strong example for their department's management team. The City Manager has final authority for any decision related to the compensation strategy and plan.
- 3.5. In the event the City has reason to believe that a specific position or occupational group of positions (e.g. police management) is sufficiently below market, the City may conduct a limited mid-cycle market review focused solely on the position(s) that the City is either:
  - 3.5.1. Unable to fill after long or repeated postings; and/or
  - 3.5.2. Unable to keep filled with qualified employees.
- 3.6. The City may open additional steps in a pay range when a particular position's pay level is too low (i.e. below market) to attract and retain qualified candidates. The steps will be in alignment with the pay grade's structure, but not listed or used as part of the step system nor utilized as exceptional performance pay.

### 4. Step Placement

- 4.1. Each employee will be paid on a step within the salary grade for the job title in which the individual is employed. An exception may occur where a wage rate could be red circled as a result of moving from a higher salary grade to a lower salary grade.
- 4.2. Step placement at hire is based on relevant qualifications when compared to internal equity of existing employees. Oregon state law prohibits the use of salary history in determining compensation.

## 5. Pay Rate Changes

### 5.1. *Step Rate Increases*

- 5.1.1. Employees will advance to the next step following one year from their most recent step date, not to exceed the maximum step of the salary range. Part time employees shall be evaluated at time periods equivalent to those worked by full-time employees.

### 5.2. *Promotions*

- 5.2.1. When an employee is promoted they shall be placed at the entry rate on the new salary grade or at the step that is closest to five percent (5%) increase in pay (not to exceed the maximum of the salary range) whichever is more, so long as the promotional rate is consistent with the Oregon Pay Equity Act.
  - 5.2.1.1. If the rate determined under this rule is not consistent with the Oregon Pay Equity, then the pay shall be set at a rate that is consistent with the equity requirements.
- 5.2.2. All requests for promotional increases which result in compensation greater than the normal promotional amount must be approved by the Human Resources Director and City Manager.
- 5.2.3. An employee who is promoted through reclassification or through a competitive selection process will maintain their step placement date.

### 5.3. *Lateral Transfer*

- 5.3.1. If the difference between salary grades is less than 4% at mid step of the salary ranges, the movement is considered a lateral transfer and the employee will be placed on the closest step on the new pay grade that does not result in a decrease in pay. Provided the transfer rate is consistent with the Oregon Pay Equity Act.

### 5.4. *Demotion/Step Down*

- 5.4.1. If an employee requests a voluntary demotion, the employee will move to the same step on the lower pay grade. Provided the demotion/step down rate is consistent with the Oregon Pay Equity Act.
- 5.4.2. If an employee through a competitive recruitment process accepts a position and steps down to a lower salary range, the employee will be placed at the lower pay grade consistent with "Step Placement" section of this administrative regulation.
- 5.4.3. If an employee is demoted as the result of organizational change or a restructure, the employee's pay rate salary may be red-circled for a maximum of one year, and

then the employee shall be paid within the range for the classification to which they are demoted.

#### *5.5. Regrades and Reclassifications*

5.5.1. An employee who is regraded or reclassified to a position with a higher pay grade will receive a pay change in alignment with promotion procedures.

5.5.2. An employee who is regraded or reclassified to a position with the same pay grade will receive no change to their compensation.

5.5.3. An employee who is regraded or reclassified to a position with a lower pay grade will be compensated according to the demotion procedures.

#### **Definitions**

1. “*Comparable Character*” is work that requires substantially similar knowledge, skill, effort, responsibility and working conditions in performance of work, regardless of job description or job title as defined in ORS 652.210.
2. “*Demotion or Step Down*” is when an employee moves from a position in a higher salary grade to one having a lower salary grade.
3. “*Lateral Transfer*” is when an employee moves from one pay grade or classification to another pay grade or classification that has the same or similar salary grade (i.e. midpoints are within 4%), there will be no change in salary or step placement anniversary date.
4. “*Position and Pay Review Committee*” consists of the City Manager, Assistant City Manager, Finance Director, and the Human Resources Director. This committee typically meets after the Executive Team meeting.
5. “*Protected Class*” includes race, sex, veteran status, disability, age, color, religion, national origin, marital status, or other protects as required by state or federal law.
6. “*Promotion*” is the movement to a position at higher salary grade where the difference between the midpoints of the salary grade is at least four percent (4%). Promotions may be the result of a competitive recruitment or a regrade/reclassification request.
7. “*Red Circle*” is when the employee’s pay rate is above the established maximum of that position. Red circled employees are generally not eligible for further base pay increases until the range maximum surpasses the employee’s pay rate.
8. “*Reclassification*” is the change in a position’s classification without a recruitment process, due to a substantial change in duties, responsibilities, and/or authority. Reclassifications are not approved due to solely an increased workload.

**Resources:***Administrative Regulations:*

1. Additional Pay (03-04.05)
2. [Position Review \(03-04.02\)](#)

*Online Resources:*

1. [City of Springfield Collective Bargaining Agreements](#)
2. [Classification & Pay Scales](#)
3. [Position Data Questionnaire \(PDQ\)](#)

**CREATION (Original):**

This administrative regulation is in effect as of the date of my signature. I authorize the Human Resource Director to modify the history and resources sections and header, footer, and numbering without my reauthorization. The administrative regulation remains in effect should these revisions occur.			
<b>Approved By:</b>	Mary Bridget Smith, City Manager (Pro Tem)	<b>Dates:</b>	11/12/19
<b>Author:</b> Chaim Hertz, Director of Human Resources			
<b>Responsible Party:</b> Human Resources			
<b>Replaces:</b> Rule 4 of the City's Personnel Policy and Procedure Manual			

**PERIODIC REVIEW:**

<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	

**REVISIONS:**

<b>Version #5:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	11/30/2021
	<b>Reason/Summary of Changes:</b>	Moved "additional pays" to separate administrative regulation. Added language to comply with the Oregon Pay Equity act of 2017.		

<b>Version #4:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	10/12/2020
	<b>Reason/Summary of Changes:</b>	Added "Standby" pay for Police Sergeant's under section		

Version  <b>#3:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	July 9, 2020
	<b>Reason/Summary of Changes:</b>	Bilingual Pay was revised to include both represented and non-represented employees. Also language clarification to demotion definition.		

Version  <b>#2:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Mary Bridget Smith, City Manager (Pro Tem)	<b>Date:</b>	11/18/19
	<b>Reason/Summary of Changes:</b>	Wording clean up to section 4.1.1, changed “base rate of pay” to “regular rate of pay” to section s 6.2.1, 6.2.2, 6.3.1, and correction on section 7, correcting the word “differential” with “flat biweekly amount.”		